



From the Desk
of the
Chief Economist

BANK ISLAM

WEEKLY MARKET UPDATES

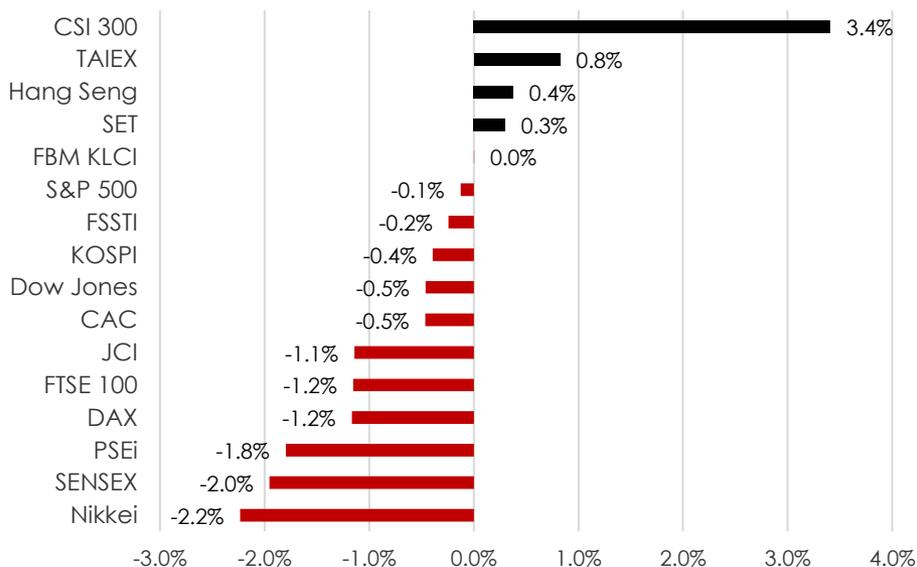
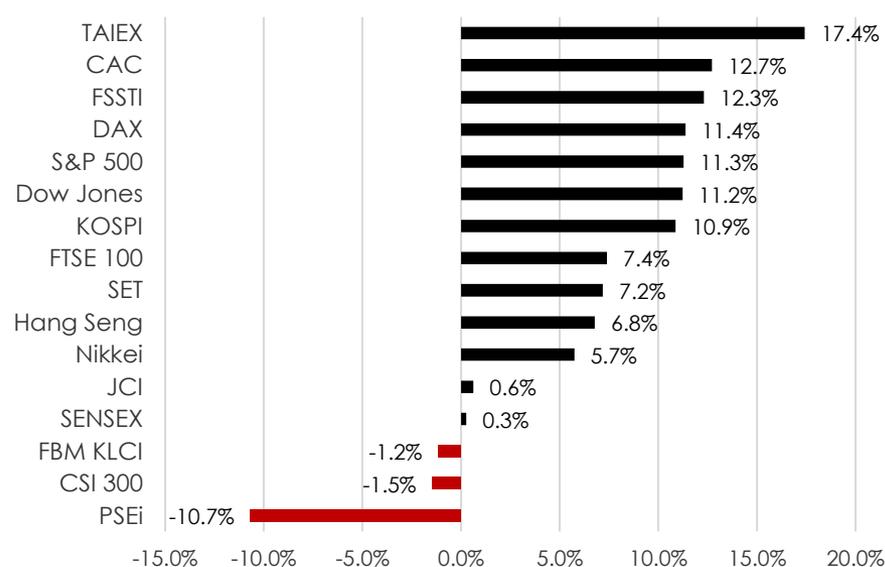
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ECONOMIC RESEARCH

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WEEKLY MARKET PERFORMANCE

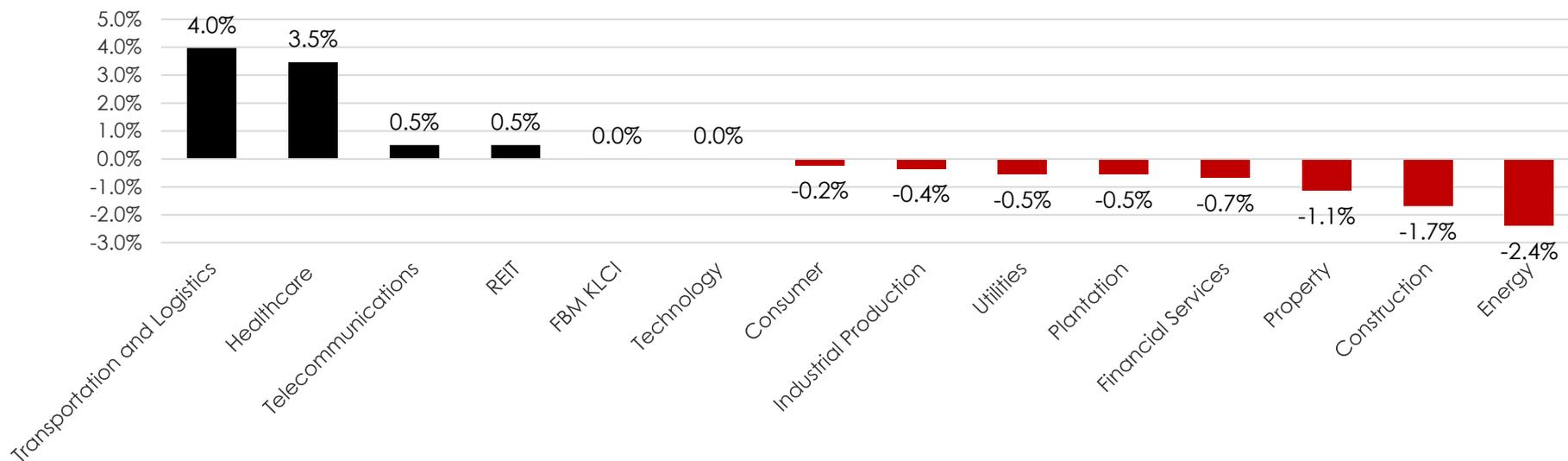
- ✓ It was a tough week for global markets as losers exceeded winners last week. Japan's Nikkei index led laggards with a 2.2% weekly loss. Market sentiment was affected by the move of the Japanese government to declare a third state of emergency due to the Covid-19 pandemic with new restrictions imposed in Tokyo, Osaka, Kyoto and Hyogo prefectures amid a sharp rise in new Covid-19 cases.
- ✓ Meanwhile, China's CSI 300 index led winners with a 3.4% weekly gain. This was mainly attributable to Monday's 2.4% daily gain, the largest since 11 March 2021 following Huawei's launch of automated-driving solutions which pushed the CSI new energy vehicle index by 6.3% on the same day.
- ✓ On the domestic front, the FBM KLCI index was unchanged for the week but recorded a 1.2% loss on a Year-To-Date (YTD) basis.

Weekly Gain/Loss of Major Equity Markets (%)
(Week Ended 23 April)YTD Gain/Loss Of Major Equity Markets (%)
(As at 23 April)

WEEKLY SECTORAL PERFORMANCE

- ✓ The Bursa Malaysia Transportation and Logistics index led gainers with a 4.0% weekly advance amid some positive news flow coming from its constituents. For instance, Tasco Berhad announced that its unit is investing in a Sabah-based cold chain logistics company called Hypercold Logistics Sdn Bhd (Hypercold) as part of its move to expand its presence in East Malaysia. The acquisition is a strategic move as Hypercold currently has the largest cold chain warehouse capacity of 3,000 pallet space, as well as eight temperature-controlled trucks in Sabah.
- ✓ On the other hand, the Bursa Malaysia Energy Index was the largest decliner with a 2.4% weekly drop. Much of the week's drop in the index was due to the surge in Covid-19 cases across the globe such as Malaysia, India and Japan. The Indian government even decided to reimpose lockdowns in New Delhi announced on 19 April 2021 which may cause consumption of diesel and gasoline in April to plunge by 20.0% from the previous month.

Bursa Malaysia Sectoral Weekly Performance (%)

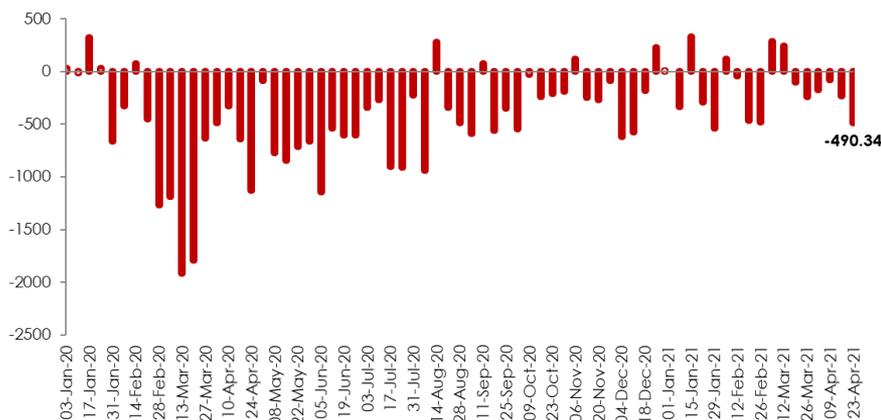


Source: Bursa

WEEKLY FOREIGN FUND FLOW

- ✓ Foreign investors disposed RM235.2 million net of local equities last week compared to the RM77.9 million net sold in the preceding week.
- ✓ Foreign investors started the week by disposing RM142.0 million net of local equities on Monday as Malaysia's new daily Covid-19 cases continued to remain above 2,000 cases for the fifth consecutive day. Notwithstanding this, Tuesday's foreign net inflow was wiped off as foreign investors dumped RM258.0 million of local equities on Wednesday. The momentum of foreign net selling on Bursa later slowed down to the tune of RM51.0 million on Thursday as the overall foreign net selling activity was cushioned by the interest in rubber glove counters. Friday saw the level of foreign net selling rise slightly to RM66.3 million as other countries such as Thailand becomes the latest Asian nation to report an unprecedented daily surge in Covid-19 cases.
- ✓ Malaysia's YTD foreign net outflow stands at RM2.5 billion net or USD612.9 million net. This is smaller than its ASEAN peers namely, Thailand and Philippines which have a YTD foreign net outflow of USD1,199.9 million net and USD1,169.7 million net respectively.

Weekly Foreign Fund Flow in Malaysia (RM Million)



YTD Regional Fund Flow (USD Million)

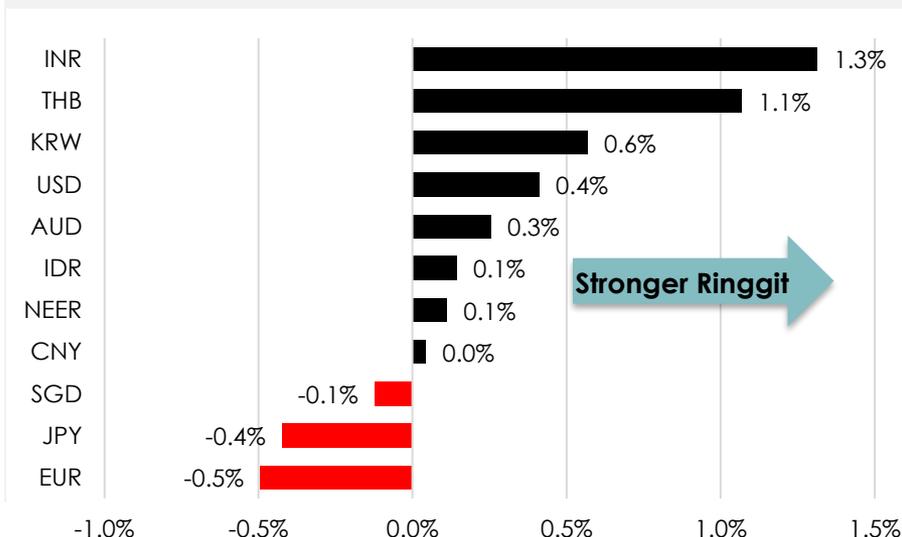
| Country | USD Million |
|-------------|-------------|
| India | 6,392.2 |
| Indonesia | 642.5 |
| Malaysia | -612.9 |
| Philippines | -1,169.7 |
| Thailand | -1,199.9 |
| South Korea | -7,118.4 |
| Taiwan | -10,013.8 |

Sources: Bursa and Bloomberg

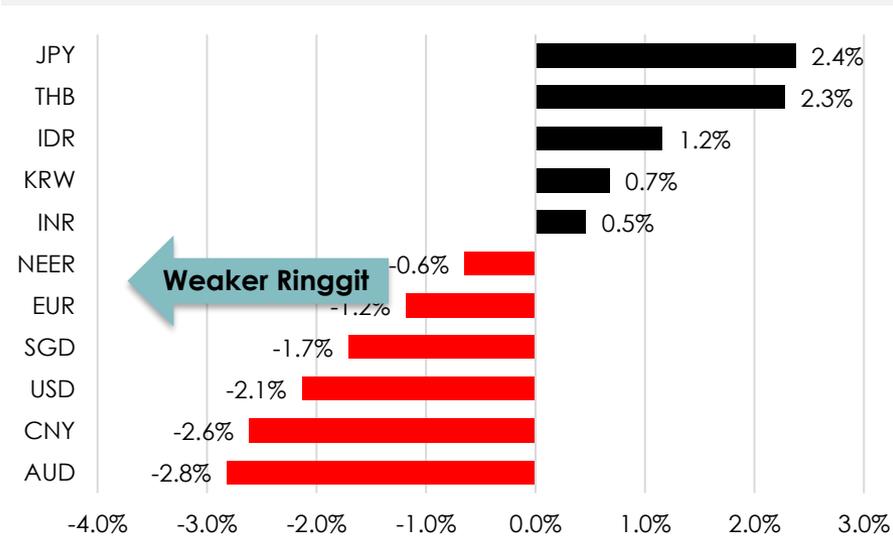
WEEKLY PERFORMANCE

- ✓ The Ringgit gained its momentum last week, rising by 0.4% against USD to close at RM4.1085 on 23 April from RM4.1257 on 16 April. This was mainly attributed by weaker US greenback due to a possible doubling of the US capital gains tax on wealthy individuals which has weighed on the sentiment.
- ✓ Looking forward, Malaysian Ringgit is expected to trade in a tight range against USD as Malaysia may be on the cusp of a fourth wave of Covid-19 infections with the daily Covid-19 cases have been above 2,000. Additionally, numerous clusters have formed, largely linked to the manufacturing sector which could adversely impacted nation's industrial production activities.

MYR against regional currencies, w-o-w% (Week Ended 23 April)

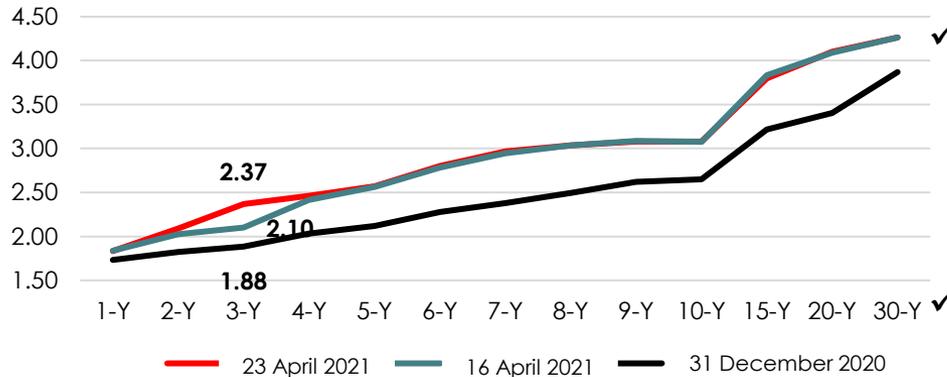


MYR against regional currencies, YTD Gain% (As at 23 April)



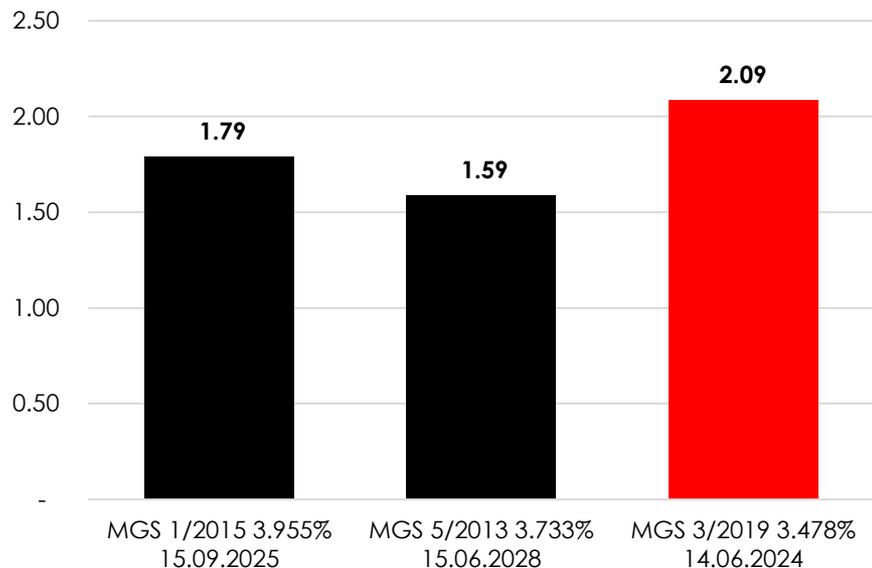
Source: Bloomberg

MGS Yield Curve, %



Source: BNM

MGS



Source: CEIC

As for bond market, the MGS yields were mixed with shorter tenure such as the 3-Y MGS jumped by 27 bps to 2.37% while the 10-Y MGS was flat at 3.08% during the week ended 23 April 2021.

On the auction front, the reopening of 3-Y MGS 06/24 remain well supported which has garnered a Bid-To-Cover (BTC) ratio of 2.09x (previous 7-Y MGS 06/28: 1.59x) amid positive market sentiment. Additionally, the 3-Y MGS 06/24 will be the new 3-Y benchmark, replacing 3-Y MGS 03/23.

All in all, the recent FTSE Russell's reaffirmation and positive foreign inflow data will remain as key positive catalyst for the local government bonds in the near term. Furthermore, there was an overwhelming interest for Malaysia's US Dollar sustainability sukuk which amounted to USD1.3 billion. The issuance was oversubscribed by 6.4x, suggesting that the market anticipates Malaysian economy to see a swift economic recovery this year.

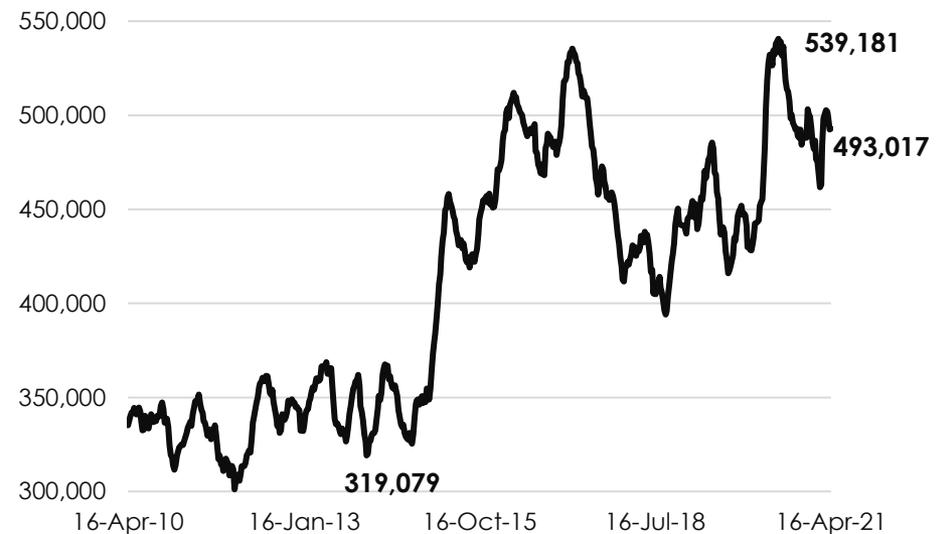
BRENT

- ✓ Brent crude oil price recorded a 1.0% weekly decline to settle at USD66.11 per barrel last Friday (16 April 2021: USD66.77/barrel) as rising Covid-19 infections in some parts of Asia particularly in India and Japan have affected market sentiment on crude oil demand recovery.
- ✓ On further scrutiny, Japan has announced a targeted state of emergency for Tokyo, Osaka, Hyogo and Kyoto in effort to curb rising infections, just three months before the country is set to host the Olympics. This was due to a sharp rise of Covid-19 infections and new variants of virus which are driving serious outbreaks in the capital.
- ✓ Downward pressures also came from the report of the US Energy Information Administration (EIA), showing an increase of crude oil inventory by 0.6 million barrels to 493.0 million barrels in the week ended 16 April (9 April: 492.4 million barrels). Similarly, the American Petroleum Institute (API) report showed that crude stockpiles went up by 0.4 million barrels in the week ended 16 April from a draw of 3.6 million barrels in the preceding week.

Brent Crude in USD per barrel



US Crude Oil Inventory, '000 barrel - EIA



Source: Bloomberg

COVID-19 UPDATE: DAILY NUMBER OF CONFIRMED CASES

| Date | Global | China | Germany | India | Indonesia | Italy | Japan | Singapore | South Korea | Spain | Thailand | United Kingdom | United States | France | Malaysia |
|-----------|---------|-------|---------|---------|-----------|--------|-------|-----------|-------------|--------|----------|----------------|---------------|--------|----------|
| 25-Mar-21 | 587,235 | 23 | 22,657 | 53,476 | 5,227 | 21,246 | 1,854 | 15 | 430 | 7,203 | 97 | 5,244 | 58,755 | 33,389 | 1,360 |
| 26-Mar-21 | 628,627 | 23 | 21,573 | 59,118 | 6,107 | 23,681 | 1,943 | 17 | 489 | 6,723 | 134 | 6,004 | 65,326 | 45,401 | 1,275 |
| 27-Mar-21 | 630,608 | 24 | 20,472 | 62,258 | 4,982 | 24,076 | 2,026 | 12 | 505 | 7,142 | 80 | 5,386 | 69,589 | 41,869 | 1,199 |
| 28-Mar-21 | 594,204 | 21 | 17,176 | 62,714 | 4,461 | 23,834 | 1,983 | 23 | 482 | 7,450 | 77 | 4,399 | 71,187 | 41,812 | 1,302 |
| 29-Mar-21 | 532,201 | 18 | 9,872 | 68,020 | 4,083 | 19,604 | 1,765 | 12 | 382 | 4,012 | 39 | 3,559 | 61,893 | 37,014 | 941 |
| 30-Mar-21 | 442,712 | 17 | 9,549 | 56,211 | 5,008 | 12,900 | 1,561 | 21 | 447 | 2,840 | - | 4,795 | 46,865 | 9,094 | 1,133 |
| 31-Mar-21 | 526,788 | 19 | 17,051 | 53,480 | 4,682 | 16,055 | 1,937 | 26 | 506 | 7,171 | 90 | 3,995 | 64,599 | 29,575 | 1,482 |
| 1-Apr-21 | 665,520 | 28 | 24,300 | 72,330 | 5,937 | 23,887 | 2,661 | 34 | 551 | 8,030 | - | 3,583 | 62,713 | 58,828 | 1,178 |
| 2-Apr-21 | 683,044 | 28 | 21,888 | 81,466 | 6,142 | 22,184 | 2,685 | 26 | 557 | 8,819 | 84 | 3,743 | 68,409 | 50,659 | 1,294 |
| 3-Apr-21 | 685,921 | 48 | 18,129 | 89,129 | 5,325 | 21,917 | 2,707 | 43 | 543 | 5,494 | 84 | 3,460 | 74,507 | 45,520 | 1,638 |
| 4-Apr-21 | 567,039 | 29 | 12,196 | 93,249 | 4,345 | 21,247 | 2,702 | 18 | 543 | 3,708 | 96 | 2,588 | 65,770 | 13,917 | 1,349 |
| 5-Apr-21 | 569,516 | 41 | 8,497 | 103,558 | 6,731 | 18,017 | 2,458 | 10 | 473 | 4,431 | 194 | 2,338 | 67,554 | 66,794 | 1,070 |
| 6-Apr-21 | 453,832 | 41 | 6,885 | 96,982 | 3,712 | 10,680 | 2,220 | 17 | 478 | 4,131 | 250 | 2,237 | 41,108 | 12,335 | 1,300 |
| 7-Apr-21 | 578,325 | 21 | 9,677 | 115,736 | 4,549 | 7,763 | 2,031 | 24 | 668 | 7,529 | 334 | 2,548 | 62,750 | 48,646 | 1,139 |
| 8-Apr-21 | 713,025 | 33 | 20,407 | 126,789 | 4,860 | 13,686 | 3,299 | 35 | 700 | 10,662 | 405 | 3,011 | 65,126 | 30,785 | 1,285 |
| 9-Apr-21 | 748,928 | 31 | 25,464 | 131,968 | 5,504 | 17,209 | 3,331 | 21 | 670 | 10,402 | 559 | 2,855 | 74,849 | 23,638 | 1,854 |
| 10-Apr-21 | 770,576 | 32 | 24,097 | 145,384 | 5,265 | 18,924 | 3,587 | 26 | 677 | 10,136 | 789 | 2,456 | 76,377 | 39,963 | 1,510 |
| 11-Apr-21 | 754,661 | 17 | 17,855 | 152,879 | 4,723 | 17,551 | 3,610 | 32 | 614 | 10,326 | 967 | 845 | 80,631 | 43,283 | 1,739 |
| 12-Apr-21 | 678,659 | 30 | 13,245 | 168,912 | 4,127 | 15,737 | 2,883 | 20 | 587 | 5,529 | 985 | 1,730 | 67,554 | 34,895 | 1,317 |
| 13-Apr-21 | 587,063 | 23 | 10,810 | 161,736 | 4,829 | 9,780 | 2,516 | 25 | 542 | 3,796 | 965 | 3,568 | 48,354 | 7,556 | 1,767 |
| 14-Apr-21 | 704,488 | 29 | 21,693 | 184,372 | 5,702 | 13,439 | 3,367 | 14 | 731 | 8,746 | 1,335 | 2,471 | 62,801 | 38,956 | 1,889 |
| 15-Apr-21 | 822,698 | 20 | 29,426 | 200,739 | 5,656 | 16,160 | 3,952 | 27 | 698 | 9,948 | 1,543 | 2,491 | 78,134 | 43,354 | 2,148 |
| 16-Apr-21 | 820,267 | 18 | 25,831 | 217,353 | 6,177 | 16,963 | 4,624 | 16 | 673 | 10,231 | 1,585 | 2,671 | 73,306 | 37,936 | 2,551 |
| 17-Apr-21 | 827,161 | 34 | 23,804 | 234,692 | 5,363 | 15,923 | 4,473 | 34 | 658 | 9,481 | 1,547 | 2,756 | 73,932 | 36,360 | 2,331 |
| 18-Apr-21 | 835,009 | 36 | 19,185 | 261,500 | 5,041 | 15,364 | 4,611 | 39 | 671 | 9,678 | 1,767 | 2,206 | 73,697 | 34,218 | 2,195 |
| 19-Apr-21 | 743,346 | 42 | - | 273,810 | 4,585 | 12,688 | 4,223 | 23 | 532 | 5,113 | 1,390 | 1,882 | 61,306 | 29,344 | 2,078 |
| 20-Apr-21 | 672,249 | 25 | 21,046 | 259,170 | 4,952 | 8,863 | 3,265 | 20 | 549 | 3,776 | 1,443 | 2,963 | 38,084 | 6,636 | 2,341 |
| 21-Apr-21 | 790,887 | 31 | 24,884 | 295,041 | 5,549 | 12,069 | 4,179 | 14 | 731 | 8,258 | 1,458 | 2,524 | 57,164 | 42,600 | 2,340 |
| 22-Apr-21 | 889,081 | 11 | 29,518 | 314,835 | 5,720 | 13,836 | 4,929 | 15 | 735 | 9,868 | 1,470 | 2,396 | 60,383 | 34,368 | 2,875 |
| 23-Apr-21 | 901,454 | 37 | 27,543 | 332,730 | 6,243 | 16,046 | 5,473 | 24 | 797 | 5,461 | - | 2,728 | 62,642 | 34,034 | 2,847 |
| 24-Apr-21 | 854,030 | 22 | 23,392 | 346,786 | 5,436 | 14,758 | 5,101 | 39 | 785 | - | 2,070 | 2,678 | 63,206 | 32,192 | 2,717 |
| 25-Apr-21 | 830,806 | 23 | 18,773 | 349,691 | 4,544 | 13,814 | 5,142 | 23 | 644 | - | 5,277 | 2,061 | 63,216 | 32,500 | 2,690 |

Source: CEIC

- ✓ Trading activity will likely be thin this week as local markets will be closed on Thursday in conjunction with the Nuzul Quran public holiday. The day after the public holiday which is Friday could see a decline in trading activities as many investors would take the day off to have a long weekend. Therefore, we do not expect the FBM KLCI index to experience any large movements and may trade within the range of 1,600 to 1,615 points.
- ✓ On the global front, investors will be focusing on the **Federal Open Market Committee (FOMC) meeting** this week whereby the US Federal Reserve (Fed) is almost certain to repeat the message that quantitative easing tapering is not on the near-term horizon.
- ✓ **The Bank of Japan (BOJ) will also hold its policy meeting** from Monday to Tuesday. Similar to the Fed, the BOJ is not expected to diverge from recent language when it announces its latest policy decision. Nevertheless, the BOJ is expected to revise up its growth forecasts when it concludes its two-day policy meeting on Tuesday as strong demand for exports is supporting the economic recovery in the wake of the Covid-19 resurgence in the country.
- ✓ With regard to economic data, **preliminary estimates of the 1Q2021 GDP will be released by many countries which include the US, Eurozone, Germany, France, Taiwan and South Korea.** The Eurozone in particular is expected to see a weaker year-on-year (y-o-y) GDP growth in 1Q2021 amid the slew of reimposed lockdowns in the early and later part of the quarter. Notwithstanding this, a loosening of lockdown restrictions in the coming weeks and a pickup in the Eurozone's vaccination pace should set the ground for a solid rebound in 2Q2021.
- ✓ All in all, the current situation remains uneven as some emerging markets face near-term challenges including a virus resurgence, slow vaccine rollouts and rising inflation. Henceforth, investors may need to thoroughly assess their asset allocation between equities and fixed income according to their risk appetite and investment horizon.

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